



House of Representatives

General Assembly

File No. 352

February Session, 2016

Substitute House Bill No. 5422

House of Representatives, March 31, 2016

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING AWARDS FROM THE CONNECTICUT ARTS ENDOWMENT FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-407 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) To be eligible for a matching grant for a fiscal year pursuant to
4 this section and section 10-408, total donor contributions for the fiscal
5 year for which such amount is calculated shall be not less than
6 [twenty-five] fifteen thousand dollars.

7 (b) For the portion of total donor contributions for the fiscal year
8 which is equal to [twenty-five] fifteen thousand dollars or more but
9 does not exceed the total donor contributions for the prior fiscal year,
10 there shall be a match of twenty-five per cent of such amount,
11 provided no match pursuant to this subsection shall exceed two
12 hundred fifty thousand dollars.

13 (c) For the portion of total donor contributions for the fiscal year
14 which exceeds the total donor contributions for the prior fiscal year,
15 there shall be a match of one hundred per cent of such amount,
16 provided no match pursuant to this subsection shall exceed one
17 million dollars.

18 (d) If in any fiscal year the total amount of matching grants to be
19 paid pursuant to the provisions of this section and section 10-408,
20 exceed the investment earnings of the Arts Endowment Fund which
21 are available for payments to arts organizations pursuant to section 10-
22 406, all such matching grants shall be reduced on a pro rata basis,
23 provided the department shall not issue any grant in an amount less
24 than five hundred dollars.

25 (e) No arts organization shall be eligible for a matching grant
26 pursuant to this section and section 10-408 if it received or is
27 designated to receive funding pursuant to a line item within the
28 budget of the Department of Economic and Community Development
29 for the fiscal year in which such grant would be awarded.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2016	10-407

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill modifies the Connecticut Arts Endowment Fund (CAEF) by (1) lowering the threshold for nonprofits to qualify for a matching grant and (2) setting a floor for fund payout. It is anticipated that more nonprofits will qualify for funding with the lower threshold.

However, because the bill does not increase funding for the CAEF, there is no fiscal impact. Investment earnings on the Connecticut Arts Endowment Fund, the principal of which was state bond funded, finance the grants provided through this program.¹ This remains unchanged under the bill.

Background: Matching Grant Formula

Under current law, eligible nonprofits must receive total private contributions of at least \$25,000 to qualify for the program. The formula for calculating a CAEF grant for eligible applicants is as follows:

1. For total private contributions which is equal to \$25,000 or more, but does not exceed the prior fiscal year's total contributions, there is a match of 25% of such amount, capped at \$250,000;
2. For total private contributions which exceed the total donor

¹ The State Bond Commission allocated \$14.5 million to the CAEF between 1989 and 2002.

contributions for the prior fiscal year, there shall be a match of 100%, capped at \$1 million.

If in any fiscal year the total amount of matching grants to be paid exceed the investment earnings of the Arts Endowment Fund, all grants shall be reduced on a pro-rata basis.

In FY 15, the interest earned by the CAEF totaled \$446,607 and was awarded to 117 organizations. Of that, 23 organizations received awards of less than \$500. Under provision of the bill, which sets a \$500 floor for grants, such organizations would not receive a grant. It is presumed that in this scenario those funds would be pro-rated to organizations with grants calculated above \$500.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5422*****AN ACT CONCERNING AWARDS FROM THE CONNECTICUT ARTS ENDOWMENT FUND.*****SUMMARY:**

This bill reduces, from \$25,000 to \$15,000, the minimum amount arts organizations must raise from private donors to qualify for a state matching grant. It also makes conforming technical changes. Funds for these grants come from the Connecticut Arts Endowment Fund's investment earnings.

By law, arts organizations seeking matching grants must apply to the Department of Economic and Community Development (DECD) by December 15 annually. Under the bill, an arts organization is ineligible for a grant if it already receives funds via a line item in DECD's budget.

The bill requires DECD to pro rate the grants if the total for all organizations exceeds the endowment's earnings. In these cases, the bill prohibits DECD from awarding grants for less than \$500.

EFFECTIVE DATE: July 1, 2016

MATCHING GRANTS

An arts organization may apply to DECD for a grant based on the amount of private contributions the organization received during the previous fiscal year. The grant amount depends on the organization's total private contributions for that year. Under current law, the organization must receive at least \$25,000 during the previous fiscal year. If its contributions meet or exceed this threshold but fall short of the prior fiscal year's total private contributions, the organization qualifies for a grant equal to 25% of that total, up to \$250,000. The bill

reduces the threshold to \$15,000.

If the organization's total private contributions for the fiscal year exceed the previous year's total and the bill's \$15,000 threshold, it qualifies for a grant equal to that amount or \$1 million.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/15/2016)